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O F F I C E O F N A T I O N A L E S T I M A T E S

FEB 12 1952

12 February 1952

SUBJECT: NIE-49: SWEDEN'S POSITION IN THE EAST-WEST CONFLICT
(for Board consideration)

THE PROBLEM

To assess: (a) Sweden's strategic importance; (b) its present policy in the East-West conflict; (c) the possibilities of a change in this policy; and (d) the consequences of Sweden's possible policies to the NATO powers and the USSR.

CONCLUSIONS

1. Sweden's geographic location, sizeable economic resources, and considerable military potential give it substantial strategic importance to both NATO and the USSR. Of chief importance is Sweden's potential role in the defense of Scandinavia, and particularly Norway, against a Soviet attack.

DOCUMENT NO. _____
NO CHANGE IN CLASS. DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 1991
AUTH: HR 70-2
DATE: 3/16/81 REVIEWER: 009256

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2. Despite its pro-Western and anti-Communist outlook, Sweden will probably cling to its "alliance-free" policy as long as possible, even in event of war.

3. However, there is an even chance that Sweden would join the NATO powers in event of a Soviet attack on Norway, provided that the NATO forces could come quickly to its defense. Moreover, Sweden would certainly fight if itself attacked.

4. The chief disadvantage to the NATO powers of Sweden's neutrality policy is that it seriously hampers the development of adequate Scandinavian defenses against a Soviet attack. Until the NATO powers are strong enough to defend at least Norway, Sweden's active participation might well be essential to the defense of key Scandinavian base areas in event of war. Moreover, if these areas could be held they would be valuable for potential offensive operations against the Soviet Baltic flank.

5. If Sweden remained neutral in event of war while the USSR occupied Norway, Sweden would be effectively isolated from the West. Its valuable trade with the West would be cut off and it would be forced, under Soviet

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economic pressure, to make an important contribution to the Soviet war economy.

6. On the other hand, once NATO becomes strong enough to defend Norway in event of war, Sweden could no longer be wholly cut off from the West; Swedish neutrality would still be advantageous to the USSR, however, in that it would deny the West the use of Swedish forces and bases and would thus help to protect the Soviet Baltic flank.

DISCUSSION

I. SWEDEN'S STRATEGIC IMPORTANCE

1. Geographic. Sweden, comprising over half of the Scandinavian peninsula, lies across the most direct air routes between the northern and western USSR and Norway, the UK, Greenland, Iceland, and North America, and could provide offensive and defensive air and early warning facilities to either the USSR or the Western allies. It is also a major factor in the control of the Baltic and its western entrance. Moreover, Sweden provides, with Finland, a buffer between the USSR and the valuable air and naval base

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sites along the Norwegian coast, the most logically feasible approach to which lies through Sweden itself. Finally, the Scandinavian peninsula, including Sweden, overhangs the North German plain, the chief military route across Western Europe and if held securely by the NATO powers, could be used as a base from which to threaten Soviet lines of communication across Germany and the Soviet Baltic flank.

2. Political, Economic and Scientific. Sweden is a stable, politically mature democracy of about seven million people. Its present Social Democratic-Agrarian coalition government enjoys solid popular support. Sweden has only a small Communist party, numbering an estimated 35,000.

3. As one of the most highly industrialized nations in the world, Sweden is an important producer of ships, ball and roller bearings, industrial machinery, engines and turbines, electrical apparatus, steel, and numerous other manufactures, as well as high quality iron ore. The Swedish Bofors firm designs and produces excellent naval and anti-aircraft guns. Sweden's aircraft industry is capable of producing limited numbers of modern jet fighters. Its marine engineering and aeronautical installations

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are capable of extensive research and development work. Sweden's basic scientific and technological research is excellent in a number of fields. Its scientists rank with the world's best in physical chemistry and medicine, for example, and it expects to have an underground atomic pile operating in 1953.

4. Some 92-93% of Swedish trade is with the West, the UK and West Germany being Sweden's largest customers. Sweden's large exports of iron ore, lumber, pulp and paper, bearings, machinery and ships, etc., make an important contribution to Western European economic strength. For example, about 11% of the free world's iron is derived from Swedish ore.

5. Although Sweden is slightly more dependent on trade with the Soviet Bloc than most other Western European countries, this accounts for only 7-8% of Swedish trade. It consists chiefly of an exchange of iron ore, ball and roller bearings, and machinery for Polish coal and some mineral ores. This trade has been declining steadily over recent years, and under Western pressure, Sweden has adopted East-West trade controls comparable to those of the European NATO countries. It sells

no munitions to the Soviet Bloc and only surrenders strategic goods, such as iron ore and ball-bearings, where necessary to obtain such essential imports as Polish coal.

6. However, Sweden's dependence on foreign sources for two-thirds of its raw materials and practically all of its coal, coke, and petroleum products renders its economy critically vulnerable to external pressures. Any major interference with the flow of imports such as would probably occur in wartime would inevitably have serious disruptive effects on the Swedish economy.

7. Armed Forces. Sweden is modernizing and expanding its 75,000 man armed forces, the largest and best in Scandinavia, although far less than its resources would allow. While the forthcoming defense budget will probably be more than 40% above that of the present fiscal year, Sweden will still only be spending 5% of its national income for defense. It is building modern jet aircraft (and buying others from the UK), enlarging and modernizing its fleet and expanding ground force training. However, the armed forces suffer from serious weaknesses which sharply

limit their capabilities in time of war. The quality of Swedish manpower and basic training is excellent, but the armed forces are lacking in combat experience and high level staff and command training for large operations, while serious logistical deficiencies also exist.

8. Sweden's army of 50,000 comprises only 15,000 regulars, although mobilizable army manpower totals some 675,000 men, most of them semi-trained. The 9-10 month conscription period is inadequate by NATO standards, and there is a shortage of modern equipment.

9. Sweden's navy is a well-rounded force of high standards designed for coast defense. Built around three cruisers, twelve destroyers, and twenty-one submarines, it is weak in modern equipment, though a new construction and modernization program is in progress. By the end of 1952, for example, all submarines will be fitted with radar, sonar, and snorkels.

10. The Air Force, Western Europe's second best, is considered by Sweden to be its first line of defense. It has 1,638 aircraft (1,095 of them in operational units), of which 366 are jets. Of Sweden's 62

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airfields, six can now sustain jet fighter or medium bomber operations, four more can sustain jet fighters and be developed for bombers, and a further ten can support limited jet fighter operations. Sweden's air defenses have been greatly improved [redacted]

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[redacted] but the air force is lacking in combat experience, its equipment is unequal to that of the USSR, and it suffers from critical logistic deficiencies, particularly fuel.

11. In the light of the above military weaknesses, the Swedish forces are presently incapable of more than a delaying action against a major Soviet attack. The duration of their defensive effort would depend upon whether they had sufficient time to mobilize and received substantial outside support. On the other hand, Sweden's already sizable military potential and resources provide a basis for a marked expansion in Swedish military capabilities, perhaps to the point where, together with the NATO Northern Command forces, they could successfully defend large areas of Scandinavia. Such a build-up of Swedish defenses, however, would require outside assistance.

12. Sweden's role in Scandinavian defense. The ultimate test of Sweden's strategic importance to the USSR and the NATO powers lies in its potential role in the defense of the Scandinavian peninsula in event of war. Should war come, the chief objective of both sides would probably be to hold the valuable air and naval bases and radar sites along the Norwegian coast. Until the NATO powers are strong enough to defend Denmark or at least Norway, Sweden, because of its geographic location and sizable armed forces, could make a valuable contribution to Norway's defense (see pars. 34 ff.).

13. While Sweden's strategic importance to the NATO powers is primarily defensive, once these powers were strong enough to defend the Scandinavian peninsula (and perhaps Denmark), Sweden would have potential value as a base for offensive air and perhaps eventually naval and amphibious operations against the Soviet Baltic flank. Such operations would be seriously hampered, however, by the difficulty of achieving local air and naval superiority over Soviet forces operating from nearby bases, and by the logistical difficulties of supplying allied forces in Sweden.

II. SWEDEN'S PRESENT POLICY IN THE EAST-WEST CONFLICT

14. The Swedish people and government remain firmly attached to their traditional policy of "freedom from military alliances". This policy, together with the maintenance of adequate defenses, is designed to avoid Swedish involvement in any general war. To the Swedish public, which overwhelmingly supports the neutrality policy, the most persuasive argument in its behalf is the peace that the country has enjoyed for approximately 150 years. Although cognizant of the Soviet threat to Swedish security, the Swedes are not convinced that they have no hope of escaping involvement in a future war. They are under no delusion that they could withstand attack without Western support, but they believe they can maintain their armed forces at a level that would make invasion not worthwhile. Moreover, they are confident that, regardless of their non-membership in NATO, the Western powers will come to their assistance in event of Soviet attack.

15. While all four non-Communist parties support in principle the

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non-alliance policy,^{1/} the leaders of the Liberal and Conservative opposition parties have criticized the implementation of the policy by the Social Democratic-Agrarian Government as being too rigid, doctrinaire, and lacking in foresight. They contend that at a minimum Sweden should undertake technical military cooperation with Denmark and Norway, lest the absence of advance planning prejudice Western aid to Sweden in event of war. They also profess great concern over the impact of Sweden's official neutrality policy on Western opinion. A small but vocal minority led by some of the Liberal party press, including Sweden's largest daily, has gone further and attacked the neutrality policy, arguing that better security would be found in affiliation with NATO. A number of high-ranking Swedish military officers apparently share this view, but it has not at this juncture gained any appreciable public or political support.

16. Despite their official "no-alliance" policy, both the Swedish government and people are pro-Western and anti-Communist. The Swedish

^{1/} Sweden's small Communist party, while not objecting to neutrality as such, professes to regard it as a fraud, alleging that Swedish foreign policy is actually pro-Western and non-neutral.

people have a deep-seated fear and mistrust of the USSR. This mistrust is based largely on historical conflicts with Tsarist Russia, which was Sweden's traditional enemy, but it has been strengthened in the postwar period by the USSR's aggressive international policy, incessant Soviet attacks on Sweden's grant of asylum to political refugees, and the recent disclosure of Soviet espionage in Sweden. Swedish relations with the Soviet bloc, especially with Poland, have worsened over the past year.

17. Sweden's sympathies, as well as its major economic interests, are with the Western countries, particularly the UK and US. Despite reservations over certain aspects of American foreign policy, and some lingering anti-American sentiment in Social Democratic circles against the alleged home of aggressive capitalism, there is a friendly feeling for the American people. Swedish domestic and foreign policy has become more overtly Western in its emphasis since the conflict in Korea, and particularly since NATO defensive capabilities have begun to grow.

III. POSSIBILITIES OF A CHANGE IN SWEDISH POLICY

18. During the Cold War. Despite its pro-Western and anti-Communist outlook, Sweden is unlikely to change its formal "no-alliance" policy during peacetime, and will firmly resist any Soviet or Western pressure in this direction. Neither the people nor the government are readily susceptible to outside political and psychological pressures, to which their history and spirit of independence, combined with a strong element of stubbornness, make them strongly averse.

19. Sweden would be particularly resistant to peacetime Soviet threats, although it might be forced to make further limited economic concessions to the Soviet bloc in response to such economic warfare measures as a threat to deny it Polish coal. Beyond this, however, it would not yield to Soviet pressures to alter its foreign or military policies, although Soviet threats might lead the Swedes to take a more cautious approach in their relations with the West.

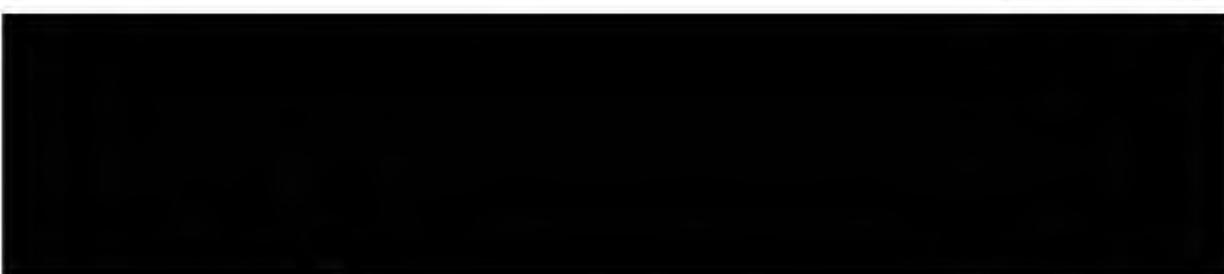
20. On the other hand, there is little prospect that Sweden would join NATO in peacetime. The Swedes apparently see little compensation

through NATO membership for what they believe would be a definite increase in international tension and possible Soviet retaliation against Finland, should Sweden join the Western alliance. Most Swedes, relatively satisfied with the state of their own defenses, have not been greatly impressed to date with NATO military assistance to Norway and Denmark.

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The Swedes, however, would be very sensitive to any hint of Western pressure in these negotiations, which might only increase their stubbornness.

21. Although opposition leaders have contended that the disappearance of Finland as a buffer for Sweden would necessitate reconsideration of Sweden's policy, we do not believe that Sweden would join NATO if the USSR occupied Finland. A recent public opinion poll indicates that only 26% of the people would favor a departure from neutrality in this event. The Swedish government's reaction would probably not be determined so much

by the actual subjugation of Finland as by its assessment of what the next Soviet step would be. Only if it were convinced that Finland was merely a springboard for a further Soviet move into the Scandinavian area, including Sweden, would it probably make overtures to the West for some form of military ties. On the other hand, if Sweden believed the USSR intended to move no further than Finland there would very likely be no overt change in its policy. Sweden would almost certainly expand its own defense preparations, however, and might enter into exploratory military talks with the West. The sympathetic attitude that Sweden would certainly take toward Finnish refugees, together with the increased proximity of Soviet forces, would create a public opinion increasingly hostile to the USSR and therefore more willing to think of some form of Western military cooperation to rectify the altered power balance in the Baltic.

22. In event of war. We believe that Sweden would still prefer to remain neutral as long as possible, particularly if Norway were not directly attacked. As long as Norway were not invaded, the Swedes would

hope that the area might not become an active theater of operations and that Sweden could keep open some lines of communication with the West. Even if Denmark were invaded, which seems likely in the initial stages of any European war, the Swedes probably still would not openly join the NATO powers, although they would certainly mobilize and might open exploratory conversations with the West.

23. Should Norway be attacked, however, or should Sweden become convinced that an attack on Norway and/or itself were imminent, there is an even chance that Sweden would abandon its neutral policy, especially if by that time NATO was militarily strong enough to extend immediate large-scale assistance in case of attack. A Soviet attack on Norway, even though it bypassed Sweden, would face the government with the question of fighting then or being surrounded and almost completely isolated from the West. Although government leaders have been reserved on this point, we believe that they might well regard an attack on Norway as necessitating the entry of Sweden into the war. If, however, the attack should come before NATO strength had been built up and the government then believed

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that quick and adequate Western aid would not be forthcoming, Sweden might well decide to remain neutral regardless of the risks.

24. If Sweden itself were attacked by the USSR, it would resist with all its resources. Public opinion polls have indicated that 75% of the Swedish people are determined to resist Soviet attack, while only 7% favor non-resistance. If Sweden were invaded and occupied, remnants of the Swedish forces would flee to Allied territory, and the Swedes would attempt to conduct guerrilla warfare and sabotage operations.

IV. THE CONSEQUENCES OF SWEDEN'S POSITION TO THE NATO POWERS AND THE USSR.

25. Swedish adherence to NATO during peacetime. The inclusion in NATO of Sweden's potentially strong military establishment would increase NATO capabilities for the defense of Scandinavia and provide an additional deterrent to Soviet attack. It would permit advance planning and coordination with the NATO Northern Command, facilitate Western military advice and assistance in building up Sweden's defenses, and give a sharp boost to Norwegian and Danish morale. Given MDAP aid (which the Swedes could largely

pay for), Sweden's defense capabilities, together with those of the NATO Northern Command, might be built up over several years to a point sufficient to prevent a successful Soviet assault (see par. 36).

26. While Swedish adherence to NATO would increase international tensions, it almost certainly would not be considered as a casus belli by the USSR. However, it might lead the USSR to occupy Finland or at least to secure further concessions from the Finns. Moreover, if the USSR launched a Scandinavian campaign in event of war, Sweden would certainly be attacked.

27. Covert Swedish ties with the West during peacetime.

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Although by no means as beneficial as direct Swedish adherence to NATO, it would somewhat increase Scandinavian defense capabilities and might, if kept secret from the USSR, avert Soviet retaliation against Finland. The timing of such advance planning or commitments would be of great importance, since the earlier the NATO powers could be assured of Sweden's position, the

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more effective their advance preparations could become.

28. Continued Swedish neutrality during peacetime. Continued Swedish neutrality during peacetime, particularly so long as NATO weakness prevents Norway and Denmark from being adequately defended, jeopardizes the development of effective Scandinavian defenses. It prevents the full utilization of Sweden's defense potential by: (a) making difficult if not impossible joint planning and coordination; (b) denying Sweden full access to NATO military advice and assistance; and (c) hampering NATO efforts to induce Sweden to strengthen its defenses.

29. On the other hand Sweden's continued adherence to a "no-alliance" policy is not wholly disadvantageous to the West. Sweden's East-West trade controls already parallel those of the European NATO countries, and are likely to continue to do so. Soviet policy toward Finland is probably somewhat restrained by a desire not to alienate Sweden, although this factor seems overstressed by the Swedes. Moreover, Sweden's armed forces and determination to resist already provide some deterrent to a Soviet assault on Scandinavia in event of war.

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30. Swedish Neutrality in Event of War. The consequences of Sweden's neutrality during wartime would vary according to the military strength of the NATO powers and the resultant willingness of the USSR to undertake a Scandinavian campaign. Should war come during the period of NATO weakness and before Norway in particular could be adequately defended, the USSR would probably bypass Sweden and launch an early invasion of Norway primarily through Denmark. By observing Sweden's neutrality the USSR would (a) avoid the necessity of diverting large forces to cope with the Swedish forces; (b) avoid damage to the Swedish industrial establishment as a result of the fighting and of a Swedish "scorched earth" campaign; and (c) avoid the necessity of occupying Sweden and of coping with probable guerrilla warfare. Moreover, once the USSR had occupied Norway and Denmark, Sweden would be almost wholly isolated and its considerable exports to Western Europe would be cut off. The USSR, through its control over Sweden's essential imports, could then force Sweden to re-orient its trade toward the Soviet bloc and to contribute to the Soviet war economy.

31. On the other hand, a neutral Sweden would be of some initial value to the Allies. The USSR would be deprived of the most direct line of communi-

cations to its Norwegian bases; [redacted]

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[redacted] it would probably give refuge to fleeing Danish and Norwegian forces; and it would probably become a base for resistance activities in these countries and in Finland. Once the USSR had isolated Sweden, however, it would probably place increasing pressure on the Swedish government to halt these activities, and Sweden would be compelled to comply at least partially.

32. Despite its neutrality, Sweden would probably not actively resist the overflight of Western aircraft, although it would officially protest. Particularly if these overflights were at high altitude, the Swedes might only go through the motion of interception and AA fire, and the strongly pro-Western airforce might actually assist lost or disabled Western aircraft. Sweden would more actively defend its neutrality against Soviet overflights, although not to the point of creating serious complications with the USSR. After Sweden had been isolated through Soviet occupation of Norway, however, the government might feel compelled by Soviet pressure to protest more strongly and take more active measures against Western overflights. Even in this case, the Swedish air force would be unlikely to carry out in practice the more stringent measures ordered by the government itself.

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33. Once NATO strength had grown sufficiently to hold in Western Europe, and Denmark or at least Norway could be adequately defended, Swedish neutrality would be somewhat less disadvantageous to the West. The USSR might not be able to divert the necessary forces for an early Scandinavian campaign, and Sweden, which could no longer be wholly isolated by the USSR, would be less vulnerable to Soviet economic pressures and could still conduct limited trade with the West. Even under these circumstances the USSR would probably look upon Swedish neutrality as advantageous, as it would screen the Soviet Baltic flank and would prevent the NATO powers from making offensive use of Swedish bases.

34. Swedish belligerency in event of war. If Sweden declared war as a result of a Soviet attack on Norway, or if Sweden were itself attacked, the USSR would be compelled to employ substantially larger forces and overall Scandinavian defense capabilities would be considerably increased. Whether or not the NATO powers would be thus enabled to hold substantial areas in Scandinavia, however, would depend upon: (a) the strength of the NATO and Swedish forces at the time war came; (b) the time they had to mobilize; and (c) the outside assistance which NATO could provide. While the Swedes

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would probably be unable to contribute materially to the defense of Denmark, they could make a valuable contribution to Norway's defense.

35. During 1952 at least it seems unlikely that the Swedish and NATO forces would be able to conduct any more than a prolonged delaying action, although isolated parts of Norway might be held. Logistical and other difficulties would make difficult adequate and timely NATO assistance to the Swedish forces, but Swedish delaying action might gain valuable time for NATO reinforcement of Norway at least. Moreover, those Swedish forces which could retreat into Norway would be able to assist in its defense. Finally, even if Sweden were overrun, the consequent destruction of Swedish factories, transport lines, etc., as well as continuing guerrilla warfare might seriously reduce Soviet ability to utilize Swedish facilities and resources after Sweden had been occupied.

36. On the other hand, if general war did not occur for several years, Swedish and NATO defense capabilities might be developed to the point where the addition of Sweden's forces to those of NATO, particularly if these forces were given time to mobilize, might enable a successful defense of

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combined NATO-Swedish forces be able by this time to hold large areas of Scandinavia, bases would be available for air and perhaps eventual naval and amphibious operations against the Soviet Baltic flank. The logistical difficulties of supplying NATO forces in Sweden in the face of probable Soviet local air superiority in the Baltic would doubtless limit NATO use of bases in Sweden itself, but the valuable Norwegian coastal bases would be protected and Soviet egress from the Baltic made more hazardous.